

Message Text

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ACTION ARA-14

INFO OCT-01 AGRE-00 COME-00 EB-08 TRSE-00 STR-07 HA-05
XMB-02 SP-02 SS-15 NSCE-00 SSO-00 CIAE-00 INR-10
NSAE-00 INRE-00 H-01 IO-13 PM-05 ISO-00 /083 W
-----126040 062228Z /66
O 062034Z SEP 78
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC IMMEDIATE 7338

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E.O. 11652: NA
TAGS: EFIN, ATRD, AR
SUBJECT: US - ARGENTINE ECONOMIC CONSULTATIONS

REF: STATE 224374

SUMMARY: THE GOA HAS RESOLVED TO GO AHEAD WITH MIXED COMMISSION TALKS WITH THE US DESPITE IRRITANTS IN OUR RELATIONS CAUSED BY THE USG'S HUMAN RIGHTS POLICY. HOWEVER, FOR DOMESTIC POLITICAL REASONS, THE GOA WANTS THE LEVEL OF THE MIXED COMMISSION DELEGATIONS TO BE RAISED AND THE DATE OF THE TALKS TO BE POSTPONED UNTIL OCTOBER, AFTER THE HUMPHREY-KENNEDY AMENDMENT GOES INTO EFFECT. END SUMMARY.

1. MINISTER JUAN CARLOS VIGNAUD, CHIEF OF BILATERAL ECONOMIC AFFAIRS IN THE MFA, CALLED IN DCM ON SEPTEMBER 6 TO DISCUSS MIXED COMMISSION. VIGNAUD SAID THAT THE GOA HAD REVIEWED THE DESIRABILITY OF GOING AHEAD WITH MIXED COMMISSION MEETING IN LIGHT OF RECENT UNFRIENDLY US ACTIONS RELATED TO HUMAN RIGHTS: THE EXIM BANK LETTER TO ALLIS CHALMERS INDICATING UNAVAILABILITY OF EXIM BANK FINANCING FOR YACIRETA; MS. DERIAN'S TESTIMONY BEFORE CONGRESS ATTACKING ARGENTINA; US VOTE AGAINST ARGENTINA
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IN THE GENEVA CONFERENCE COMMITTEE OF THE UN SUB-COMMITTEE OF MINORITIES AND RACIAL DISCRIMINATION AND RESTRICTIONS OF US SALES OF MILITARY EQUIPMENT TO ARGENTINA AND EVENTUAL EMBARGO WHEN THE HUMPHREY-KENNEDY AMENDMENT GOES INTO EFFECT AT THE END OF SEPTEMBER. DESPITE THESE EVENTS, VIGNAUD CONTINUED, THE GOA HAS NOTED THE USG'S WILLINGNESS TO PROCEED

NORMALLY IN OTHER AREAS OF OUR BILATERAL RELATIONS AND DECIDED THAT IT IS IN THE INTERESTS OF BOTH COUNTRIES TO MINIMIZE THE EXTENT OF QUOTE CONTAMINATION END QUOTE FROM HUMAN RIGHTS CONFRONTATIONS. THE GOA THEREFORE DETERMINED THAT IT WOULD GO AHEAD WITH THE MIXED COMMISSION TALKS WITH THE US BUT ON A DIFFERENT BASIS:

A) HIGHER LEVEL OF DELEGATIONS

THE GOA DELEGATION WOULD BE HEADED BY SECRETARY OF PLANNING AND COORDINATION GUILLERMO KLEIN AND WOULD ALSO INCLUDE UNDERSECRETARY FOR INTERNATIONAL NEGOTIATIONS JUAN DUMAS AND UNDERSECRETARY FOR FOREIGN INVESTMENT FEDERICO DUMAS. VIGNAUD THEN REVIEWED THE ORGANIZATIONAL CHART OF THE DEPARTMENT OF STATE AND INDICATED THAT THE COMPARABLE LEVEL TO HEAD THE US DELEGATION APPEARED TO BE DEPUTY SECRETARY CHRISTOPHER. HE ADDED THAT THE RATIONALE FOR UPGRADING THE LEVEL OF THE COMMITTEE IS TO EMPHASIZE TO THE ARGENTINE PUBLIC THAT CLOSE COOPERATION BETWEEN THE US AND ARGENTINA CONTINUES DESPITE CERTAIN POLITICAL DIFFERENCES.

B) POSTPONEMENT OF MEETING

VIGNAUD INDICATED THAT GOA WOULD LIKE TO POSTPONE LIMITED OFFICIAL USE

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MIXED COMMISSION MEETING TO THE WEEK OF OCTOBER 16 OR OCTOBER 23. HE NOTED THAT THE CURRENT SCHEDULING OF THE MEETING IS INOPPORTUNE FROM A POLITICAL POINT OF VIEW BECAUSE IT WOULD BE FOLLOWED SOON AFTER BY ENTRY INTO FORCE OF THE HUMPHREY-KENNEDY AMENDMENT. BY SCHEDULING THE MEETING AFTER THE LEGISLATION GOES INTO EFFECT, THERE WOULD BE NOTHING FORESEEABLE THAT WOULD COUNTERACT THE POSITIVE EFFECT THE MIXED COMMISSION TALKS WOULD HAVE ON OUR BILATERAL RELATIONS.

2. WE POINTED OUT TO VIGNAUD THAT THIS WAS THE THIRD TIME THE GOA HAD ASKED FOR A CHANGE OF DATE FOR THE TALKS AND STRESSED THE DIFFICULTY OF RESCHEDULING SUCH A COMPLEX MEETING WITH SUCH SHORT LEAD TIME. WE NOTED THAT PRINCIPALS AND TECHNICAL EXPERTS USUALLY HAVE THEIR TIME BLOCKED OUT FAR IN ADVANCE. MOREOVER, THE UPGRADING OF THE LEVEL OF THE MEETING REPRESENTED

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HA-05 XMB-02 SP-02 SS-15 NSCE-00 SSO-00 CIAE-00
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MORE A CHANGE OF FORM THAN OF SUBSTANCE SINCE MOST OF
THE TECHNICAL TOPICS MUST NECESSARILY BE DEALT WITH AT
A LOWER LEVEL BY EXPERTS.

3. VIGNAUD SAID THAT THE GOA ENVISAGED THAT THE
INVOLVEMENT OF THE HEADS OF EACH DELEGATION WOULD BE
LIMITED TO BRIEF PARTICIPATION IN THE OPENING AND
CLOSING SESSIONS AND PERHAPS AT A SOCIAL FUNCTION.
IN THE EVENT THAT DEPUTY SECRETARY CHRISTOPHER WOULD
BE ABLE TO HEAD THE US DELEGATION, THE GOA PROPOSED TO
PRESENT TO HIM AT THE INITIAL MEETING A BINATIONAL
PLAN TO IMPROVE THE WELFARE OF THE 40 MILLION UNDER-
NOURISHED PEOPLE WHICH FAO SAYS EXIST IN LATIN AMERICA.
THE PLAN WOULD GIVE HIGHEST PRIORITY TO ASSISTING THESE
UNDERPRIVILEGED PEOPLE TO INCREASE THEIR PRODUCTION
OF FOOD, BUT WOULD ALSO PROVIDE THEM WITH ASSISTANCE
IN THE AREAS OF HOUSING, HEALTH AND DRUG
ADDICTION. HE ADDED THAT THIS SUBJECT HAD BEEN DISCUSSED
WITH SECRETARY VANCE WHEN HE WAS IN ARGENTINA AND THAT
THE SECRETARY HAD EXPRESSED INTEREST IN BINATIONAL
COOPERATION IN THIS AREA. VIGNAUD NOTED THAT GENERAL
REFERENCE TO THIS COOPERATION IS MADE IN THE JOINT
COMMUNIQUE WHICH WAS SIGNED BY MR. MONTES AND SECRETARY
VANCE IN NOVEMBER 1977.

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4. VIGNAUD HANDED US THE LATEST AGENDA VERSION
PROPOSED BY GOA (WILL BE REPORTED SEPARATELY), AND WE
CONVEYED VIEWS ON EARLIER AGENDA PER REFTEL. WE AGREED

TO CONVEY LATEST GOA MIXED COMMISSION REQUESTS TO DEPARTMENT.

5. IN SUBSEQUENT MEETIN WITH AMBASSADOR CASTRO, AMBASSADOR AJA ESPIL AFFIRMED THAT MINISTER OF ECONOMY MARTINEZ DE HOZ IS RESPONSIBLE FOR GOA DECISION TO SEEK A HIGHER LEVEL MIXED COMMISSION, WITH SECRETARY KLEIN REPRESENTING ARGENTINA. AJA ESPIL'S ASSERTION APPEARS TO CONFLICT WITH INFORMATION WE RECEIVED EARLIER FROM MFA NORTH AMERICAN DESK TO THE EFFECT THE MFA WAS UNCERTAIN WHETHER SECRETARY KLEIN WOULD BE AVAILABLE FOR THIS MISSION - AN INDICATION THAT THE PROPOSAL FOR SECRETARY KLEIN TO GO PROBABLY ORIGINATED IN THE MFA RATHER THAN WITH MARTINEZ DE HOZ. MOREOVER, NEITHER MARTINEZ DE HOZ NOR HIS IMMEDIATE STAFF HAVE SHOWN ANY DIRECT INTEREST IN THE MIXED COMMISSION UP TO NOW IN DISCUSSIONS WITH EMBASSY OFFICERS.

6. RECOMMENDATION: WE RECOMMEND DEPARTMENT CONSIDER THE FOLLOWING TWO OPTIONS IN RESPONDING TO NEW GOA REQUEST FOR MIXED COMMISSION:

A) AGREE TO NEW DATES FOR TALKS AFTER OCTOBER 1 BUT MAINTAIN LEVEL OF OUR DELEGATION UNCHANGED. THIS RESPONSE WOULD DEMONSTRATE TO ARGENTINES THAT, DESPITE THEIR REPEATED POSTPONEMENT OF THE TALKS, WE ARE WILLING TO PURSUE NORMAL ECONOMIC RELATIONS ON A PRACTICAL BASIS BUT NOT TO THE EXTENT OF ACCOMMODATING THEM FOR LIMITED OFFICIAL USE

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POLITICAL IMAGE OBJECTIVES.

B) AGREE TO NEW DATES AFTER OCTOBER 1 AND ALSO TO GOA REQUEST THAT WE RAISE THE LEVEL OF OUR DELEGATION. HOWEVER, INSTEAD OF DEPUTY SECRETARY CHRISTOPHER HEADING THE DELEGATION, WE WOULD PROPOSE THAT UNDER SECRETARY COOPER OR UNDER SECRETARY SIDNEY HARMAN FROM THE DEPARTMENT OF COMMERCE BE APPOINTED. THIS OPTION WOULD BE AS FULLY RESPONSIVE TO THE GOA REQUEST AS THE ARGENTINES COULD REASONABLY EXPECT.
CASTRO

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